

REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE PERIOD 9 OCTOBER 2007 TO 31 DECEMBER 2008
FOR
LETLAND LIMITED

WEDNESDAY



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for the period 9 October 2007 to 31 December 2008

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LETLAND LIMITED
COMPANY INFORMATION
for the period 9 October 2007 to 31 December 2008

DIRECTOR	Mr B W Ritchie
SECRETARY	Mr J S D A Rust
REGISTERED OFFICE	19-20 Bourne Court Southend Road Woodford Green Essex IG8 8HD
REGISTERED NUMBER	06394549 (England and Wales)
AUDITORS	Deloitte LLP Chartered Accountants and Registered Auditors London UK

LEILAND LIMITED (REGISTERED NUMBER: 06394549)

REPORT OF THE DIRECTOR
for the period 9 October 2007 to 31 December 2008

The director presents his report with the financial statements of the company for the period 9 October 2007 to 31 December 2008

INCORPORATION

The company was incorporated on 9 October 2007 and commenced trading on 30 April 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of property trading and development

REVIEW OF BUSINESS

The current economic conditions have created a number of uncertainties in the market in which the company operates. The director considers the results for the period to be satisfactory.

DIRECTORS

The directors who have held office during the period from 9 October 2007 to the date of this report are as follows:

Mr B W Ritchie - appointed 10 October 2007

Corporate Appointments Limited - appointed 9 October 2007 - resigned 10 October 2007

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently,
 - make judgements and estimates that are reasonable and prudent,
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

Deloitte LLP were appointed as auditors during the period and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD.


Mr B W Ritchie Director

Date 06 APR - 10

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LETLAND LIMITED

We have audited the financial statements of Letland Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the period then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director is consistent with the financial statements

Deloitte LLP

Deloitte LLP
Chartered Accountants and
Registered Auditors
London, UK

Date **6.4.10**

LETLAND LIMITED (REGISTERED NUMBER 06394549)

PROFIT AND LOSS ACCOUNT
for the period 9 October 2007 to 31 December 2008

	Notes	£
TURNOVER		-
Cost of sales		<u>(11,960,924)</u>
GROSS LOSS		(11,960,924)
Administrative expenses		<u>(371,289)</u>
		(12,332,213)
Other operating income		<u>626,967</u>
OPERATING LOSS	2	(11,705,246)
Interest payable and similar charges		<u>(1,245,845)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,951,091)
Tax on loss on ordinary activities	3	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		<u><u>(12,951,091)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period

The company was incorporated on 9 October 2007 and commenced trading on 30 April 2008

TOTAL RECOGNISED GAINS AND LOSSES

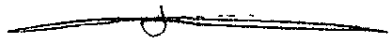
The company has no recognised gains or losses other than the loss for the current period

LETLAND LIMITED (REGISTERED NUMBER 06394549)

BALANCE SHEET
31 December 2008

	Notes	£
CURRENT ASSETS		
Stock of property		17,645,000
Debtors	4	11,255
Cash at bank		<u>39,553</u>
		17,695,808
CREDITORS		
Amounts falling due within one year	5	<u>(33,096)</u>
NET CURRENT ASSETS		<u>17,662,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,662,712
CREDITORS		
Amounts falling due after more than one year	6	<u>(30,613,802)</u>
NET LIABILITIES		<u>(12,951,090)</u>
CAPITAL AND RESERVES		
Called up share capital	8	1
Profit and loss account	9	<u>(12,585,291)</u>
SHAREHOLDERS' FUNDS	13	<u>(12,585,290)</u>

The financial statements were approved by the director on 06 APR - 10 and were signed by


Mr B W Ritchie Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the period 9 October 2007 to 31 December 2008**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The principal accounting policies are summarised below. They have been applied consistently throughout the period

Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its liabilities as they fall due, for the foreseeable future

The current economic conditions have created a number of uncertainties in the market in which the company operates, in particular in respect of asset valuations

The company is party to a cross guarantee over debt drawn across the Pureskill group secured on the company's assets. The group financing arrangements include valuation covenants amongst other requirements

The director has acknowledged the latest FRC guidance on going concern during the current economic conditions. The group has prepared forecasts (including those of the company) taking into account reasonably possible changes which have been reviewed by the director, based on estimates and judgements about the economic environment in which the group operates. In addition the parent company Pureskill Limited has confirmed that it will provide financial support for the company to meet its liabilities for the foreseeable future.

After making enquiries, the director has formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly the director continues to adopt the going concern basis in preparing the financial statements

Financial Reporting Standard Number 1

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because its ultimate parent undertaking, Pureskill Limited, which is incorporated in Great Britain, has prepared consolidated financial statements which include a cash flow statement incorporating the cash flows of the company

Stocks

Stocks are valued at the lower of cost and net realisable value

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are difference between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the undergoing timing difference can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and VAT

Revenue comprises income in relation to the sale of properties and is recognised on the point of completion

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 9 October 2007 to 31 December 2008

2 OPERATING LOSS

The operating loss is stated after charging

	£
Fees payable to the company's auditors for the audit of the company's annual accounts	<u>16,348</u>

Directors' emoluments	<u>-</u>
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The director is an employee of another company within the group and is not paid for his services as a director of this company. The company had no employees in the current period.

3 TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period.

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below.

	£
Loss on ordinary activities before tax	<u>(12,951,091)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	(3,626,305)
Effects of Movement/utilisation of tax losses	<u>3,626,305</u>
Current tax charge	<u>-</u>

Factors that may affect future tax charges

A deferred tax asset of £3,626,305 relating to unrelieved tax losses at the balance sheet date has not been recognised on the basis there is no certainty that there will be future taxable profits against which these can be offset.

4 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	7,212
Other debtors	<u>4,043</u>
	<u>11,255</u>

5 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	22,899
Taxation and social security	1,926
Other creditors	<u>8,271</u>
	<u>33,096</u>

6 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Amounts owed to group undertakings	<u>30,613,802</u>

7 SECURED DEBTS

The following secured debts are included within creditors

	£
Group undertakings	<u>30,613,802</u>

The borrowings from Pureskill Limited are secured by a fixed and floating charge over the company's assets and are repayable on 13 December 2011.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 9 October 2007 to 31 December 2008

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	£
1,000	Ordinary	£1	<u>1,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	£
1	Ordinary	£1	<u>1</u>

9 RESERVES

	Profit and loss account £
Deficit for the period	<u>(12,951,091)</u>
At 31 December 2008	<u>(12,951,091)</u>

10 ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Pureskill Limited

11 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption within Financial Reporting Standard Number 8 in relation to the disclosure of transactions with other group companies

During the period the company paid management charges of £43,881 to Residential Land Management Limited, a company in which Mr B W Ritchie is also a director

12 ULTIMATE CONTROLLING PARTY

The smallest and largest group in which the results of the company are consolidated is Pureskill Limited a company incorporated in Great Britain and registered in England and Wales, whose accounts can be obtained from 19-20 Bourne Court, Southend Road, Woodford Green, Essex IG8 8HD

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Loss for the financial period	(12,951,091)
Proceeds on share issued	<u>1</u>
Net reduction of shareholders' funds	(12,951,090)
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>(12,951,090)</u>
Equity interests	(12,951,090)